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Title: Report regarding a resolution approving and authorizing the City Manager to enter into a lease agreement between the City of South San Francisco and the State of California Department of Transportation for public use and park improvements of Clay Avenue Park. (Sharon Ranals, Director of Parks and Recreation)

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RECOMMENDATION

It is recommended that the City Council adopt a resolution approving and authorizing the City Manager to enter into a lease agreement between the City of South San Francisco and the State of California Department of Transportation for public use and improvements of Clay Avenue Park.

BACKGROUND/DISCUSSION

In April of 1969, the City of South San Francisco and the California Department of Public Works, now the Department of Transportation (Caltrans), entered into a 50 year lease agreement to allow the City to develop a public park on their property at the end of Clay Avenue, below Caltrans' Highway 280 right of way. This land, now known as Clay Avenue Park, is approximately three-quarters of an acre, and features a basketball court, lawn area, two small playgrounds, hardscape, benches and picnic tables. The park was most recently renovated in 2015, at a cost of \$220,000.

The legal mechanism whereby Caltrans can issue lease agreements for public parkland was approved by the California State Legislature in 1969. The legislation, named the Marler Johnson Park Act, does require that reasonable payments are made to the State of California in exchange for the leased property. The 1969 lease permitted the City to utilize the property to provide a neighborhood park for \$100 per year. In the fall of 2018, knowing the 50 year lease was expiring in the coming year, Parks and Recreation staff contacted Caltrans staff to inquire about extending the lease.

The new agreement effectively serves as an extension with substantially the same terms, but does have two notable changes, for which Caltrans staff was adamant would not be subject to negotiation: the lease term and annual rate. First, the new lease duration is 10 years with an option to be renewed for three additional five-year

terms, for a total of 25 years. If approved, this lease will come up for renewal again in 2029. The lease rate has increased to \$2,000 per year, with an annual increase of \$100 per year. Additionally, the City is also responsible for all costs associated with maintenance and improvements to the property, as well as utility costs, which has been the case since the original agreement was established.

Clay Park is a valuable City asset, enjoyed by thousands of families each year. It is a cornerstone of the West Winston Manor community, who utilize the park daily, as well as for regular neighborhood events, including their annual egg hunt, National Night Out, a children's Halloween event, and Kite Day, among others.

Should the City decide not to extend the lease, the City would forfeit the property to the State of California, and would be responsible for removal of any existing park improvements.

As Clay Park has since become a valued community asset and serves significant public purpose, staff recommends that the City enter into the proposed lease with Caltrans.

FISCAL IMPACT

The lease rate has increased from \$100 per year to \$2,000 per year, with annual adjustments of an additional \$100 per year. The additional cost will be absorbed by the Parks and Recreation Department's operating budget.

RELATIONSHIP TO STRATEGIC PLAN

This item relates to Priority Area Two of the Strategic Plan: Quality of Life- Robust Recreation Programs with Top Tier Public Parks, Art and Green Spaces.

CONCLUSION

It is recommended that the City Council adopt a resolution approving and authorizing the City Manager to enter into a lease agreement between the City of South San Francisco and the State of California Department of Transportation for public use and park improvements of Clay Avenue Park.